

ORE 49-49

**SECRET**ESTIMATE OF SOVIET REACTIONS TO SCANDINAVIAN ADHERENCE TO THE ATLANTIC PACTASSUMPTIONS

For the purposes of this estimate it is assumed that:

1. Norway and Denmark join the Atlantic Pact.
2. Norway and Denmark receive substantial military aid; but no air or naval bases which could be considered offensive by the Russians are constructed on Norwegian or Danish home territory.
3. Sweden adheres to her policy of neutrality.

SUMMARY

## 1. General Soviet Policy

The USSR will view with particular concern the adherence of Norway and Denmark to the Atlantic Pact, because of their strategic location and their proximity to the Soviet Union. Soviet propaganda will continue to emphasize the danger of foreign military bases. The Soviet leaders will intensify their "war of nerves" in an effort to hamper implementation of the Atlantic Pact in Norway and Denmark. This "war of nerves" will consist of intensified propaganda, diplomatic representations, troop movements, and some economic pressure. However, it is believed that the Kremlin will not risk a general war by resorting to military aggression in Scandinavia or Finland.

## 2. Soviet Policy Toward Specific Countries

- a. Norway. The accelerated "war of nerves" against Norway will probably include intensified Communist propaganda and pressure.

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exploiting the subject of foreign military bases, and playing up fears of Soviet military action.

b. Denmark. Communist tactics in Denmark will be similar to those employed against Norway. Danish fears of Soviet military action will probably be kept alive through reports of troop movements in the Soviet Zone of Germany.

c. Sweden. The primary Soviet aim regarding Sweden will be to keep that nation neutral. Although pressure toward this end will be maintained, it is believed that the Kremlin will avoid any move -- such as military occupation of Finland -- which might frighten Sweden into the arms of the West.

#### DISCUSSION

##### 1. General

The USSR is acutely aware of the key geographic importance of Scandinavia in the strategic considerations of both East and West. The Kremlin's recent notes to Norway revealed its concern lest bases which could be used by the West be constructed in a country contiguous to the Soviet Union. The primary Soviet goal in connection with Norwegian and Danish adherence to the Atlantic Pact, therefore, is to prevent the establishment of military or naval bases which could interfere with Soviet access to the Atlantic, and from which the USSR could be bombed in case of war. Soviet propaganda, at least, has shown no inclination to accept Scandinavian assurances concerning such bases, and it will probably continue to emphasize this theme.

However, the Kremlin is believed unwilling to risk war at this

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time through military action in Scandinavia or Finland. Moreover, it may realize that even if such moves as occupation of islands in the Spitsbergen Archipelago or a coup in Finland did not bring about war, they would hasten implementation of the Atlantic Pact, and might frighten Sweden into an alignment with the West. Therefore, the Soviet campaign will probably be limited to an accelerated "war of nerves," consisting of intensified propaganda, diplomatic representations, the use of troop movements, and some economic pressure.

Indications that the local Communist parties are girding themselves for an intensified campaign can be seen in the reported reorganization of the Scandinavian parties, in their resolutions declaring loyalty to Moscow, and in recent "peace demonstrations" staged in opposition to the Atlantic Pact. However, the small size of the Scandinavian parties, their previous lack of success in organizing strikes, and their failure in mobilizing opposition to the Atlantic Pact in Norway and Denmark, preclude any real capability of launching an effective campaign of subversion and sabotage.

Although Soviet military intervention in Finland is unlikely, continued Kremlin pressure on the Finns will constitute part of the "war of nerves" in Scandinavia. This pressure may include (a) troop movements along the Finnish frontier; (b) continued Communist agitation to enter the present Social Democratic Government; and (c) a request for defense talks under the Soviet-Finnish Mutual Assistance Treaty. However, indications are that the Finns will resist attempts of the Communists to enter the Government.

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Moreover, while the Finns might agree to defense discussions, it is unlikely that they would give the consent necessary under the terms of the treaty for Soviet troops to move into Finland.

There are indications that the Kremlin is trying to build up fear of Soviet economic reprisals in Norway and Denmark. However, Soviet economic pressure will probably be limited both in scope and in its effects. In the first place, Kremlin policy has been to encourage East-West trade, despite political tensions, in order to strengthen the economy of the East and to emphasize its importance to Western Europe. In the second place, Norway and Denmark could turn to the West for commodities which might be cut off by the East, such as Polish coal and Soviet grain. At the same time, the East would be faced with the problem of finding new markets for its coal and grain, as well as substitutes for desired Norwegian and Danish products. Therefore, although fears of economic reprisals will probably be exploited to the maximum, it is unlikely that the Soviets will embark on a concerted campaign of economic retaliation.

In the case of Sweden, real economic pressure by the Soviets is improbable. Such moves would be expected to boomerang, since Swedish iron ore, ball bearings, and industrial equipment are particularly important to the East.

## 2. Soviet Policy Toward Specific Countries

### a. Norway

Northern Norway is vulnerable to attack from the USSR across their 122-mile frontier, and across the border from Finland.

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Norwegian apprehensions concerning such an invasion will probably be kept alive by reports of Soviet troop movements along the Norwegian and Finnish frontiers, and by local Communist propaganda in that area.

Spitsbergen seems a likely subject for renewed Soviet pressure on Norway. The USSR may well ask Norway for assurances that military bases will not be built on Spitsbergen, pointing out that this would be a violation of the Spitsbergen Treaty of 1920. Norway would undoubtedly reply that no such bases are planned, and that the intention is to adhere to the Treaty. Nevertheless, Soviet propaganda will probably contrive to keep the issue alive, both to forestall any future bases on Spitsbergen, and to maintain its charges concerning the "aggressive" plans of the West. One device might be the use of alleged reports that the Atlantic Powers are secretly planning such bases.

For propaganda purposes, the USSR might reassert its claim to Bear Island in the Spitsbergen Archipelago, which it claimed prior to the Treaty of 1920. However, the Soviets will probably decide against the seizure of the island. In addition to avoiding the risk of war, the USSR will wish to avoid any move which would hasten Western plans for military aid to Norway.

One possible form of Soviet economic pressure would be a demand that Norway make good any temporary deficit under their trade treaty, through payments in dollars or gold equivalent. This temporary deficit is caused by the fact that the bulk of Norway's exports to the USSR -- derived primarily from her

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fishing industry-- are delivered during the latter months of the year, while Norway's imports of Soviet grain are received early in the year. A Soviet demand for payment would prove embarrassing, financially, to Norway, and might result in a Norwegian request for increased ECA aid.

b. Denmark

Soviet strategy in Denmark is expected to follow the general pattern of that employed in Norway. The Danes would be especially sensitive to reports of Soviet troop movements in the Soviet Zone of Germany, and such reports may be used as part of the "war of nerves." In exploiting the subject of military bases, the Soviets are expected to intensify their propaganda concerning alleged American plans for taking over Greenland completely and for building bases in Denmark itself. Knowing Danish sensitivity regarding their sovereignty over Greenland, the USSR will capitalize on any indication of Danish-American differences concerning military bases there.

c. Sweden

As part of the Soviet campaign to prevent Swedish adherence to the Atlantic Pact, the Kremlin will continue to play on Swedish fears of a Soviet invasion of Finland. However, the Kremlin probably realizes that such a move -- even if it did not result in a general war -- might frighten Sweden into the arms of the West. The Soviet goal, therefore, will be to frighten Sweden just enough to assure continued neutrality, and it is not expected that the pressure will be severe.

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In the economic sphere, the USSR might call upon Sweden for increased deliveries of goods under the Soviet-Swedish trade and credit agreements. However, it seems improbable that the Soviets would push the matter very far. The Kremlin will wish to avoid any move which might invite Swedish economic retaliation, or which would result in closer Swedish economic ties with the West. Strong economic pressure, therefore, is not expected to be one of the weapons employed against Sweden.

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## COMMENTS BY STAFF INTELLIGENCE GROUP

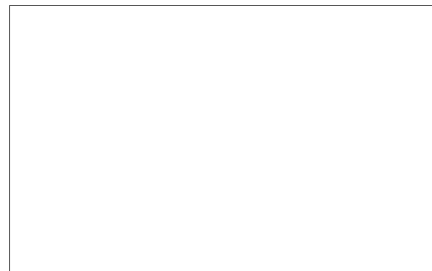
We should like to see this retained within ORE until developments make publication more timely. As matters stand, Norway and Denmark have joined the Atlantic Pact; Sweden shows no signs of abandoning neutrality, and no one, probably not even a Soviet propagandist, takes immediate bases in Norway or Denmark seriously. The preliminary Soviet reaction is already registered and has been approximately what ORE 49-49 suggests. We should think that anything expressed here might be found in numerous newspapers and magazines; and, in any case, the Branch expressed itself quite fully on the subject in various Weeklies, in CIA 3-49, published the 16th of March, and in ORE 41-49, published the 24th of February. Were this ORE 49-49 to be published in about the middle of April, as it almost necessarily would have to be under existing circumstances, it would probably be an anachronism. Meanwhile, as the North Atlantic Pact develops and as the Soviet reaction crystallizes, it might become possible to publish a study of longer range effects. If the general Soviet reaction showed no change, no ORE would be called for.

We gather that ORE 49-49 says about all there is to say on the subject at the present time. Its limitations, in other words, are no fault of ORE's. Publication seems still inadvisable, however, if nothing is added to the subscribers' information or understanding. An added weakness of the paper is its, (probably inescapable) penchant for qualification as may be seen in such phrases as "However....will probably;" "However...it is believed;" "indications are"; "seems likely"; "may" "might", and "will probably" in about half the sentences of the estimate. The ~~sum~~ total impression received from the paper



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could be summed up in: "The Soviets might do a great many things in the Scandinavian area as an answer to the North Atlantic Pact, including some very serious ones, but they probably will not do any of them."



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